DOCUMENT RESUME

ED 123 721 EA 008 272

AUTHOR Hubbard, Ben C.
TITLE Additional Financial Resources for Education.
PUB DATE 22 Feb 76
NOTE 11p.; Paper presented at the Annual Meeting of the American Association of School Administrators (108th, Atlantic City, New Jersey, February 20-23, 1976)

EDRS PRICE MF-$0.83 HC-$1.67 Plus Postage.
DESCRIPTORS *Educational Finance; *Educational Legislation; Elementary Secondary Education; Enrollment Trends; *Financial Needs; *Political Influences; School Support; School Taxes; *State Federal Aid; Student Costs

ABSTRACT

This paper discusses the continuing need for additional educational funds and suggests that the only way to gain these funds is through concerted and persistent political efforts by supporters of education at both the federal and state levels. The author first points out that for many reasons declining enrollment may not decrease operating costs in a school district. This fact, plus the additional impact of inflation and new government-mandated requirements for schools, ensures that additional financial resources will be needed to support education even as enrollment declines. Declining enrollment, however, will make it increasingly difficult to win more money for education in the political arena. In the long run, the author argues, the federal government is the best source for additional funds, but in the short run most school support money will have to come from the state and local level. This will probably require new taxes, but the time to convince legislators of the need for increased educational funding is before a new tax is enacted; by the time a new tax is enacted, it is usually already committed. Long continuous education of legislators will not guarantee success, but lack of it will guarantee failure. (JG)

****
* Documents acquired by ERIC include many informal unpublished *
* materials not available from other sources. ERIC makes every effort *
* to obtain the best copy available. Nevertheless, items of marginal *
* reproducibility are often encountered and this affects the quality *
* of the microfiche and hardcopy reproductions ERIC makes available *
* via the ERIC Document Reproduction Service (EDRS). EDRS is not *
* responsible for the quality of the original document. Reproductions *
* supplied by EDRS are the best that can be made from the original. *
****

ED123721

bch 2/22/76

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

ADDITIONAL FINANCIAL RESOURCES FOR EDUCATION*

Ben C. Hubbard

Having spent the past twenty years fighting for additional resources for education, I approach this topic with real misgivings. I can easily introduce you to legislators who believe that the topic can be answered, "NO--there won't be any more resources." Knowing this fact and knowing further that the number of legislators and other persons is growing who believe that we have already reached our zenith has caused me to deal with some negative aspects of this problem from a political standpoint.

With declining enrollment it is easy to see why some ask, "Why can't you operate on less funds?" It is normal to cut cost when the factors of production are cut or the number of finished products reduces. As you all know, there are many answers to this problem. Declining enrollment is but one blade of the giant scissors; another blade is inflation.

Declining enrollment may force us to look seriously at ways that the factors necessary for operating a school are put together. The old problem of how best to organize schools will have to be examined. We will have to look at some of our sacred cows, like "only a local school can control educational programs." Some states have looked at intermediate level administrative structures, some like ours have just let them grow without control or direction. Both restructuring the local units and the intermediate service, or state agencies, as operational units will have to be faced.

There are some new problems. At the universities and in our society, we have put a premium on teaching how to grow. There have been few if any rewards for reducing the scope of operations either in schools or business.

EA 008 272

*Speech presented at the 108th Annual Convention of the AASA

We must learn how to manage a shrinking bureaucracy. There are some fascinating problems. Let me share one or two to illustrate. I know where two districts operate side by side. One of these is still growing while the other is shrinking. A few years ago, the district having the declining enrollment was the largest. It built a staff based on growth. The other had a streamlined staff that might have grown but when its population began to expand, money was tight. The declining district has, within its philosophy, tried to reduce; but it still has more staff and other expense than the recently larger district. The average teachers' salaries in the two districts are also interesting and different from most districts like these. The growing district has a $760 higher beginning salary and their top salary is only $700 lower than the district with declining enrollment. The average salary, and thus the total salary bill per teacher, is higher in the increasing enrollment district--primarily because of a salary schedule tied to the cost of living, but it is higher. The extra costs of the declining enrollment district are costs that it takes resources to deal with, but there are other factors that have put the declining enrollment district in a more severe bind. They have found that cutting after long-term commitments is difficult. Class size, which really controls teacher expenditure, has declined as population has declined. Reduced enrollment has left a residue of cost that cannot be eliminated quickly.

There are costs to declining enrollment that cannot be adjusted quickly. Let me just suggest some of them.

A. Higher maintenance cost that continues to grow as the percentage of total space that is old grows with no new buildings or almost no new facilities.

B. Average cost of teachers continues to rise without any increased service or work because of:

(1) Incremental salary schedules

(2) No entries on low end of scale

(3) Increases in percent of teachers having advanced degrees

(4) Negotiated positions such as class size that reduce flexibility.

C. Administrative services cost more per pupil because there are fewer pupils and no or little less service, so long as the same number of schools operate.

D. The cost of administering and servicing a declining school system sometimes requires more administrative time.

(1) Citizen involvement

(2) Staff planning

(3) Legal battles

(4) Assignment or transfer problems

This is I think enough to point out at least some reasons that declining numbers do not automatically reduce cost.

Now, for a minute or two, let's look at another blade of the scissors--inflation. As the problem of inflation has hit us hardest, we have been living with our first real problems of declining enrollment on a massive basis. The most expensive systems that compensate for inflation spend more than the less expensive operation. This means, frankly, that improving equalization or pulling the bottom expenditure districts up does nothing to help the high expenditure districts. This means that most state programs are not designed to help the

districts hit hardest by inflation. As the first blade, declining enrollment, hits a district, the inflation factor increases the disproportionate cost. Our problems are compounded so that except in rare cases, the district with declining enrollment and good management still suffers from increased cost. The fact is that we still have many growing districts. These tend to reduce the overall reduction of pupils and make it appear that the problem is less severe than it is. Our so-called friends who say that education will cost less as population declines are just not informed or they are willing to let the quality of education decrease.

There are reasons for us to consider the possibility of a declining share of public dollars, not because the need is not there but because of other political facts.

1. Politicians count heads. Consider this. When the 1970 census was calculated, we had 203,000,000 persons in the United States, of which 52,490,000 were ages 5-17. In 1975 we had 213,000,000 persons (an increase of 4.9%), but there were only 49,703,000 who were ages 5-17 (a decrease of 5.3% in the school-age population). As the population has increased, the actual number of school-age population has declined by 2,787,000. As a percent of the total in 1970 we had 25.8% of the population that was school age, while in 1975-76 the percent had declined to 23.3%. This has real political significance for those who count heads because a smaller percent of the population is affected. It will be harder to sell increased funding for a declining number that is also declining as a percentage of the whole.

2. A second pertinent factor is that the forces who benefit from increased funding are themselves becoming less united--teachers, administrators, boards and parents. There is less than a united front. Legislators at the national and state levels know how to exploit this despite the yeoman work done by the "Big 6." In many of our states, the "Big 6" representatives never communicate with one another except about federal operations or funding.

3. Educational needs and educational criticisms seem to be cyclical. We may just be at a high level of criticism when our numbers are not dramatic enough to offset the harm that criticism brings to us. These need to be reversed if we are to be successful in getting any significant increase in resources for education.

Given this apparently negative series of positions, what about, "Additional Financial Resources for Education?" There will have to be more resources to just stay where we are in providing services. There is a third blade of the scissors that affects the schools and complicates the other two. This third blade is the new demands being made of the schools. In many states, mandated programs ranging from new bus regulations to entire curriculums have been established. We are also expected to pick up the pieces from every social reform that fails, from bad housing laws to the failure of the criminal system. These programs have increased cost enormously and will continue to do so. In simple language, every public statement, critical or otherwise, puts pressure on the schools to do more for the students and--yes--the adults.

Where will this new money come from? It will come from the same source it has always come from--taxes. We are big boys and girls now. We must learn to fight for our just share of revenue with highway lobbies, welfare advocates and--yes--higher education representatives. Selfishly, I hope the higher education people keep winning some, since I too want to continue to eat.

My judgment is that the only good source for significant increases in educational funding has to be the only place we have not significantly tapped--the Federal Income Tax. As we all know, we face a real fight here. So far we have gotten peanuts, and as I watch the defense lobby, I sometimes wonder if this can ever be changed. But, not only must we win in this arena, we must win big if we are to have the additional resources to make public education what it should be. The promises of the Vietnam years, that social programs would have their day after the war, must be won, but to date it could be said that we fared better during the war years than we have since. My utterances in this area could, if properly interpreted, be considered political, so I will omit several gut-level feelings.

In the states and at the local level we must also win many battles and some wars. We must quit furnishing our foes, those other agencies that want money, the ammunition to destroy us. Somehow we must tell the good we are doing and prove what we could do with adequate resources. We must tell the story of public education, what it has done, and what it must do if we are to preserve the battles fought and won for freedom since 1776.

One example that can help. More public education is paid for by the property tax than any other single tax. When people say that the property tax is bad, it

is unpopular, etc., we had best decide where we can replace these funds before we join the chorus. We in Illinois still get 2 1/2 billion dollars, or close to it, for public education from this source. This is a gold mine that we have to have. The additional resources that we need may not come from this source, but we must recognize its value and in many areas it is the place from which additional revenue will come.

The resources for education are and, I suspect despite what I believe should be the case, will be for a long time the responsibility of the state. When you hear people talking about states increasing their funding of public education, someone has been at work. It is from the state political arena that the resources necessary are likely to come in the short run. We must prepare our forces to plan in advance. When a tax is increased, it is too late to start planning to get our share. Leadership must help plan and support the additional taxes with plans to share in its increased resources.

Let me, in outline form, suggest some of our experiences in Illinois as a prototype of what is essential, or what I believe is essential, if education is to secure additional resources. What I think I knew was happening and what I know in retrospect did happen is interesting.

In the middle 60's Governor Kerner, the School Problems Commission and the Office of the Superintendent of Public Instruction sponsored a Citizens Task Force. There was no particular emergency, but the schools had not had a per-pupil increase in support between 1957 and 1964. There was a tightening of the screws and considerable anguish, plus some pressure, for general support. This and other happenings, but generally just need, started a slow increase in

the foundation level. The School Problems Commission and the Superintendent of Public Instruction, with prodding from most groups in education, began to recommend increased aid for education from the state level. During this same time the state increased the taxes that local districts could levy without a referendum. We moved slowly toward higher funding. During this time there was much concern and distrust of the foundation formula. I could and will speculate that most of the distrust was not with the formula but with the funds it was furnishing. But the formula, rather than those who chose to support it at too low a level, was blamed.

By 1969 discontent with our formula had risen to the point that other formulas were being studied by decision-makers, including legislators and people high in the executive department. As an example of the kind of thing being done, I spent four hours with overheads, etc., showing ten legislators and others the effect of different formulas on specific school districts and none of them left. We finally just quit, but the interest was high and the understanding thorough. At the request of the School Problems Commission, in the 1967-69 biennium, Dr. G. Alan Hickrod and I prepared for the 10th School Problems Commission a simple explanation of "Alternatives in Educational Expenditure, Policy for the State of Illinois." The report was, and still is, widely read. Some copies are still being circulated.

At the same time that we in Illinois had worked up this great amont of interest, the state was going broke. We had no income tax and all divisions

and departments of state government were struggling to survive. In 1969 the income tax was passed and the old foundation formula was increased to $520. One of the classic quotes of my career grew out of this. After three years of discussing changing the formula and with almost everyone agreeing that it did not really meet the needs of the schools, a minority of the School Problems Commission proposed an alternative formula. In the debate they were told, "Everyone knows that when you significantly increase the dollars you are spending, you should keep it simple so we legislators can explain it back home." At the next session of the General Assembly a proposal to change the formula was made and the same person said, "Don't you know that major changes can never be made unless you have a large amount of new money."

It would have seemed hopeless, but several things intervened. As I have suggested, we had real ferment that had been boiling for five or six years. Following the enactment of the income tax and a significant jump in state spending for schools, the new governor and the new superintendent of public instruction appointed task forces to solve our problems. Both produced massive reports with a careful eye on that other important ingredient in reform--outside pressure, in this case the Serrano case and related judicial cases including several of our own. By 1973 everyone was convinced that a major change was needed and in the end a majority of the General Assembly and the Governor agreed. But the change could not have occurred without the prior income tax increase, the 1973 beginning of revenue sharing and a booming economy that was swelling the state treasury.

I can suggest that without much work on the part of some of us to prepare decision-makers in advance, no amount of pressure from Serrano-type judicial action could have made the General Assembly take this action unless it was directly against Illinois. Long continuous education will not guarantee success, but its failure to exist will, I believe, guarantee failure.

The other speakers will share specifics with your, but remember--when a new tax is enacted, it is usually already committed. Planning, being a part of the political process, and bringing clout to bear must be coordinated or the resources will not be turned over to schools. To use some of the phrases I learned early in my career, such as: "Education and politics don't mix," or Educators have to avoid political alliances," all give comfort to our competition for resources. Annual legislative packages in isolation fail before they start. Let's get smart--at least as smart as the politicians at whom our peers sometimes look down their noses. We must have along-term plan and have people willing to keep thinking of the students, not just their individual district or job or organization.